United Nations S/2007/395

Security Council

Distr.: General
29 June 2007

Original: English

Report of the Secretary-General on the United Nations Interim Administration Mission in Kosovo

I. Introduction

1. The present report is submitted pursuant to Security Council resolution 1244 (1999) of 10 June 1999, by which the Council decided to establish the United Nations Interim Administration Mission in Kosovo (UNMIK) and requested the Secretary-General to report at regular intervals on the implementation of the mandate. It covers the activities of UNMIK and developments in Kosovo (Serbia) from 19 February to 1 June 2007.

II. Political assessment

2. On 2 February, my Special Envoy for the Future Status Process for Kosovo, Martti Ahtisaari, submitted a draft comprehensive proposal for the Kosovo status settlement to the political leaderships in Belgrade and Prishtinë/Priština. My Special Envoy and his team then held further, intensive consultations with Belgrade and Prishtinë/Priština from 21 February to 2 March. A meeting of the Serbian and Kosovo leaders was held on 10 March in Vienna to discuss the settlement proposal, at which the parties were unable to make any additional progress. Following this meeting, my Special Envoy presented me with his report on Kosovo's future status (S/2007/168), containing his recommendation of independence for Kosovo supervised initially by the international community, and his settlement proposal (S/2007/168/Add.1). On 26 March, I conveyed both his future status report and his settlement proposal to the Security Council, with my full support.

3. Following my Special Envoy's briefing to the Security Council on his future status report and settlement proposal on 3 April, the Council undertook a mission to Kosovo and Belgrade from 25 to 28 April. The objective of the mission was to gain first-hand information on progress made in Kosovo since the adoption of resolution 1244 (1999). The Council met with the leaders of Serbia and of Kosovo's Provisional Institutions of Self-Government, with representatives of Kosovo's ethnic minority communities and with my Special Representative, Joachim Rücker, and UNMIK staff. A comprehensive and balanced programme enabled the Security Council to further its understanding of the political, social and economic situation in Kosovo, as reflected in the report of the mission (S/2007/256).

07-39052 (E) 020707

Political situation

4. The future status of Kosovo continued to be the main political issue for Kosovo's political establishment and for representatives of all of its communities throughout the reporting period. Expectations remained high among Kosovo Albanians that Kosovo would become independent in the near future. The Kosovo unity team, which represents Kosovo Albanian political parties from both the Government and the opposition, continued its work in three priority areas. It participated in the negotiations held in Vienna with the Belgrade negotiating team; it continued its outreach activities to all of Kosovo's communities to explain the settlement proposal; and it undertook efforts aimed at garnering international support for Kosovo's independence.

5. On 5 April, the Assembly of Kosovo met in an extraordinary session and approved a declaration in support of my Special Envoy's future status report and settlement proposal. No Kosovo Serb member of the Assembly was present at the session. The declaration welcomed the report's recommendation on status, stating that it represented "a fair and balanced solution in accordance with the will of the people of Kosovo". The Assembly also committed itself to full implementation of the settlement proposal, adding that, if endorsed by the Security Council, it would be considered "legally binding" for Kosovo. Assembly members also welcomed, and pledged cooperation with, the future international civilian and security presences envisaged in the settlement proposal. On 14 April, unity team members signed a "declaration" in which they agreed to remain united during the 120-day transition period envisaged in the settlement proposal.

6. Kosovo Serb political leaders continued their near-total political boycott of Kosovo's central institutions, and were encouraged to do so by the authorities in Belgrade. However, a number of Kosovo Serb political actors who seek a more engaged approach entered the political arena in Kosovo. New Kosovo Serb political parties were established, such as the Independent Liberal Party in Graçanicë/Gracanica, some of which advocate that, irrespective of the future status of Kosovo, the Kosovo Serb community should remain in Kosovo and should participate in the future institutions of Kosovo. While these parties are small and have limited influence, this development reflects a growing concern among some Kosovo Serbs that the continued boycott of Kosovo's institutions is counterproductive and does not effectively address their practical needs.

7. It is evident that most Kosovo Albanians look forward to the resolution of Kosovo's status with confidence and anticipation, and that most Kosovo Serbs view this process with apprehension. Although the actual number of serious inter-ethnic incidents during the reporting period has remained low, the political uncertainty surrounding the status determination process continued to have a negative effect on perceptions of security within the Kosovo Serb community. It is also increasingly apparent that issues of common concern, such as unemployment and the state of the economy, are viewed with increasing pessimism by members of all of Kosovo's communities.

Economy

8. The economy in Kosovo showed some signs of continuing improvement. The gross domestic product continued to grow, following an estimated 3 to 4 per cent growth in 2006, while inflation remained close to zero. Exports increased as much

as 40 per cent while Government revenues grew by 13 per cent, a rate which exceeds estimates made by the International Monetary Fund from the beginning of 2007. However, lack of foreign direct investment and access to international loans continues to hamper the Provisional Institutions' ability to effectively combat unemployment. The privatization process continued to move forward. By the end of April 2007, 460 new companies derived from the assets of 282 socially owned enterprises had been tendered for sale as part of the process. Total privatization proceeds amounted to over €303 million.

9. In terms of economic governance, the reporting period saw a number of positive trends. Fiscal management continued to improve, customs collections increased and the banking sector evidenced progressive growth. UNMIK continued to transfer competencies in the economic sector to the Provisional Institutions. With the exception of the Civil Aviation Regulatory Office, all regulatory bodies are currently headed by local professionals. Activities aimed at ensuring the long-term development of the energy sector also continued, including the development of new mines and generation facilities and preparations for the construction of a new thermal power plant.

Security

10. During the reporting period, the overall security situation was calm, with few significant incidents. Rallies organized by the Kosovo Albanian self-determination movement "Vetevendosje" on 3 and 31 March, in protest against the current status determination process, had low attendance and were held peacefully. This stood in sharp contrast to the 10 February demonstration organized by Vetevendosje, during which two protesters were fatally wounded by UNMIK police and which led to the arrest of the movement's leader. This change in the nature of the Vetevendosje demonstrations can be attributed to outreach efforts by UNMIK police and the Kosovo Police Service (KPS) with rally organizers, and the continued detention of Vetevendosje's leader, as well as steps forward in the future status process.

11. On 17 April, the international prosecutor in charge of investigating the violence surrounding the 10 February Vetevendosje demonstration issued an interim report stating that there was a substantial basis upon which to conclude that members of the Romanian formed police unit were linked to the incidents. He also concluded that there was insufficient evidence to support a reasonable suspicion as to which Romanian police officers were responsible for firing the shots, and that therefore a judicial investigation could not proceed. On 18 April, the UNMIK Police Commissioner announced that an internal police review had found deficiencies in some areas of operational planning and command and control and indicated that measures had been taken to ensure that the police response to public disorder would be properly managed in the future.

12. The publication of the interim report, as well as the announcement by UNMIK police that an internal review would be undertaken, did much to defuse tensions. The relative calm during the reporting period was also attributable to a perception by the population in Kosovo that, as long as there is a clear forward momentum in the status determination process, there is no need to explicitly support more radical political options promoted by groups such as Vetevendosje.

13. Notwithstanding the general calm that prevailed during the reporting period, there were two high-profile incidents. These included a grenade attack on the Visoki

Dečani monastery in Deçan/Dečani municipality on 30 March, and the attempted assassination on 28 February and 12 April of the head of the Telecommunications Regulatory Agency of Kosovo. Though little damage was done to the monastery, the attack was significant as it occurred only a few days after a successful outreach meeting in the municipality, which was attended by my Special Representative, senior officials of the Provisional Institutions, representatives of the Serbian Orthodox Church and representatives of the Kosovo Liberation Army War Veterans' Association. A suspect was subsequently identified in connection with the attack, but remains at large despite continuing efforts by KPS to locate and apprehend this individual, including public appeals for cooperation in the search. Thanks to swift action by KPS, three suspects were immediately arrested in the case of the assassination attempt on the head of the Telecommunications Regulatory Agency on 12 April.

Rule of law

14. Local institutions continued to assume additional responsibilities in the justice field. The Ministry of Justice continued to lead efforts to finalize an agreement with the Ministry of Health on the transfer of responsibility for missing persons and forensics. An memorandum of understanding between UNMIK, the European Union and the United States of America on funding and implementation of the vetting process for judges and prosecutors is under consideration. Consultations between UNMIK and the Kosovo Judicial Council on the allocation of 421 judicial and prosecutorial posts between various courts in Kosovo continued. Recruitment for the Kosovo Special Prosecutor's Office, including of members from minority communities, progressed.

15. Despite these ongoing, progressive steps to strengthen the justice sector, major challenges remain. It is still necessary for international judges and prosecutors to handle the most sensitive cases. The judicial system suffers from inadequate resources. This has a negative impact on the motivation of judges, as well as the recruitment process. To address these concerns, a justice system reform programme continued to work with municipal courts to reduce the backlog of civil cases pending since June 2006.

16. The Ministry of Internal Affairs has also taken on new competencies. It now reviews civil registration and documentation and has nearly completed drafting a police law that establishes the rights and duties of this Ministry and the police and clarifies the institutional relationship between them in line with European standards. The law will be submitted to the Government for approval, following which it is expected to be sent to the Kosovo Assembly for deliberation and then adopted. Participants and stakeholders from other sections of the Government, non-governmental organizations and the international community provided substantial inputs to the law and concur that it meets international and European standards.

17. The Ministry of Internal Affairs made significant progress in establishing the Department of Borders, Boundaries, Asylum and Migration and strengthened its capacity to implement current readmission procedures. Progress was also made in clarifying the chain of command in cases of civil emergency, in converting the Kosovo Police Service School into the Kosovo Centre for Public Safety Education and Development, and in creating an independent professional standards board.

Standards and European integration

18. Work on standards implementation continued to progress within the framework of the European Partnership Action Plan. A technical assessment on progress in the implementation of the standards for Kosovo, prepared by my Special Representative, is contained in the annex to the present report. Standards implementation continues to strengthen Kosovo's institutions and helps to improve the delivery of public services to the people of Kosovo. It is particularly important that the principles underlying the standards have been incorporated into the Action Plan. Fulfilling the requirements of the Action Plan remains a priority for the Kosovo institutions.

Governance

19. The consolidation of Kosovo's government structures continued, especially at the central level through the strengthening of several independent agencies. However, obstacles remained, including in some instances a lack of sufficient capacity and the absence of necessary secondary legislation, as well as insufficient adherence to procedures at the local level. At the central level, the Kosovo Assembly continued to show an increasing tendency to adhere to its rules of procedure and held a number of public hearings and consultations on numerous draft laws. The Central Election Commission continued to build up its capacity in all areas and is expected to take full responsibility for the conduct of the next elections, with the continued support of the Organization for Security and Cooperation in Europe (OSCE). The Transition Working Group on Elections, which includes representatives from both the Government and the opposition, prepared principles for draft legislation on elections. However, the Assembly's appointment of a new Ombudsperson has not progressed.

20. There was progress in the establishment and consolidation of a number of independent agencies in Kosovo. The consolidation of the Independent Media Commission continued; however, the implementation of the law governing the Commission and secondary-level legislation did not progress. The civil service Independent Oversight Board is now running effectively. There is, however, a need to provide for an effective mechanism to enforce its rulings and recommendations and to finalize its establishment as an independent body. The Anti-Corruption Agency became operational. The implementation of an anti-corruption strategy will now depend on the effectiveness of this Agency and its cooperation with the Provisional Institutions of Self-Government and the public.

21. The reporting period saw progress in municipal governance through a strengthening of both legislative and administrative structures. All municipalities, including the newly established pilot municipal units, now have rules and procedures that are incorporated into their statutes. Interdepartmental consultation is ensured through a board of directors. In addition, public consultation has become normal practice prior to the adoption of legislation and budget proposals by municipal assemblies. However, the general lack of meaningful consultation with minority communities is a cause for concern. In addition, the struggle between the Democratic League of Kosovo and the breakaway faction Democratic League of Dardania, led by the former President of the Kosovo Assembly, Nexhat Daci, in the key municipalities of Gjilan/Gnjilan, Viti/Vitina and Ferizaj/Uroševac has had

negative consequences. Municipal assemblies in these municipalities have become dysfunctional and the appointment of senior civil servants has been delayed.

Decentralization

22. A transition working group has been established to consider the practical measures necessary to eventually implement the annex to the settlement proposal referring to decentralization. Transfer of responsibilities and capacity-building has continued in the three pilot municipal units of Hani i Elezit/Đeneral Jankovic, Junik and Mamushë/Mamuša. The Kosovo Government has requested the Ministry of Local Government Administration to recommend by 1 July whether pilot municipal units should be converted into fully functional municipalities.

Cultural and religious heritage

23. During much of the reporting period, work on the reconstruction of Serbian Orthodox cultural heritage sites damaged or destroyed during the March 2004 events slowed down significantly. This was mainly due to the paralysis of the Reconstruction Implementation Commission as a result of the non-participation of the representative from Serbia's Institute for the Protection of Monuments. While a new representative was appointed to the Commission by the Serbian Minister of Culture in April, subsequent changes to the Government of Serbia led to a reversal of this appointment. The position needs to be filled before the Commission can recommence work. In an encouraging signal, the Assembly of Bishops of the Serbian Orthodox Church reiterated its readiness to cooperate with the Commission and the Council of Europe during its biannual meeting. The European Agency for Reconstruction began work in April on two Serbian Orthodox sites in Prizren under the Commission's mandate.

Returns

24. The number of Kosovo Serb returns remained low. Although conditions for returns have gradually improved, the factors that discourage large-scale return movements continue to exist, such as the lack of employment opportunities, unresolved property disputes and continuing perceptions of insecurity.

25. Despite these challenges, UNMIK and the Provisional Institutions have continued to focus their efforts on strengthening institutional and administrative structures to underpin the process of return. UNMIK continued to transfer competencies to the Ministry of Communities and Returns, which is led by the only Kosovo Serb minister in the Government. Transferred competencies include the coordination of municipal fair-share financing and of the work of municipal returns offices and municipal community offices. UNMIK maintains an advisory role and is building capacity with a focus on senior staff.

26. The Ministry continued to demonstrate a willingness to cooperate closely with UNMIK and the international community. It focused its efforts on supporting organized and individual returns of minorities and developing community development and stabilization projects. Four projects benefiting about 90 families were approved for funding by the Ministry and its partners for 2007, of which two (Berkove/Berkovo (Klinë/a) and Vushtrri/Vucitrn) have been launched; the remaining two will be launched in due course. In addition, two ongoing projects carried over from the 2006 Kosovo consolidated budget, in Lipjan/Lipljan and

Abdullah Presheva/Presevo (Gjilan/Gnjilane), will benefit 45 internally displaced persons.

27. Individual returns have already begun this year. Returns to the Roma settlement in southern Mitrovicë/a began in early March and have now reached a total of 280 persons out of an expected 412. Though small in number, these returns are a highly symbolic breakthrough. They are expected to foster additional return movements, provided that international donor contributions and assistance to the Ministry continue.

Future international arrangements and transition

28. Joint work on transition to the future international presence envisaged in the settlement proposal continued, without prejudice to the outcome of the future status process. This work is carried out by UNMIK, in close collaboration with the planning teams for the envisaged international civilian representative and the European Security and Defence Policy rule of law mission, as well as the Kosovo Force (KFOR) and the Provisional Institutions of Self-Government.

III. Observations

29. I welcome and am encouraged by the continuing commitment to standards implementation shown by the Provisional Institutions of Kosovo throughout the reporting period. There has been concrete progress in many areas of standards, although results in some areas have been mixed and clearly much remains to be done. I call upon Kosovo's leaders and institutions to demonstrate an unambiguous continuing commitment to standards implementation, and to translate this commitment into concrete results.

30. In eight years of interim administration by the United Nations, Kosovo has made significant strides in the establishment and consolidation of democratic and accountable Provisional Institutions of Self-Government and in creating the foundations for a functioning economy. The Provisional Institutions have laid the basis for a peaceful and normal life for all of the people of Kosovo.

31. However, the process of full reconciliation and integration of Kosovo's communities will be a long-term one, and remains an uphill challenge. Further progress in consolidating peaceful coexistence in Kosovo will require firm determination on the part of Kosovo's leaders and a genuine commitment by members of all of its communities.

32. Regrettably, large segments of the Kosovo Serb population continue to feel that Kosovo's Provisional Institutions do not represent them. Kosovo Serbs continue to boycott these institutions at the central level, and instead rely for the most part on parallel structures supported by the authorities in Belgrade for the provision of basic services. At the same time, returns of Kosovo Serbs remain disappointingly low due to uncertain economic prospects and continuing security-related concerns.

33. While Kosovo's overall progress is encouraging, if its future status remains undefined there is a real risk that the progress achieved by the United Nations and the Provisional Institutions in Kosovo can begin to unravel. Sustaining and consolidating the progress made by Kosovo will require concrete prospects for the

conclusion of the future status process and the active and constructive cooperation of all involved.

34. The determination of Kosovo's future status should therefore remain a priority for the Security Council and for the international community as a whole. My Special Envoy's settlement proposal and recommendation on Kosovo's future status contain the right elements for a sustainable solution to Kosovo's future status, including continued international supervision. I welcome the European Union's pledge to play the leading role in the future international presence in Kosovo, as envisaged in the settlement proposal.

35. I would like to express my appreciation and gratitude to my Special Representative, Joachim Rücker, and to his staff in UNMIK for their dedication and effort to move Kosovo forward. I would also like to extend my thanks to the United Nations partners — KFOR, the European Union and OSCE — and to the United Nations agencies, funds and programmes and other contributors for their support.

Annex I

Technical assessment of progress in implementation of the standards for Kosovo

Prepared by the Special Representative of the Secretary-General for Kosovo, 12 June 2007

1. The status settlement process continued to dominate the reporting period. Nevertheless, normal standards implementation work also continued, increasingly with its own momentum and with the Agency for European Integration in the lead.

2. Implementation also continued of the remaining items in the programme of 13 priority points presented to the Kosovo Government by the Contact Group in June 2006.

Functioning democratic institutions

3. There were no serious violations of the Kosovo Assembly rules of procedure during the reporting period. Monitoring of the Assembly has shown an increased number of plenary debates, public hearings, interpellations and consultations, with comments received on numerous draft laws. The Assembly has also strengthened the scrutiny of its budgetary expenditures.

4. In 2007 the Committee on Rights and Interests of Communities of the Kosovo Assembly has held 11 meetings and reviewed 10 amendments to draft laws, returning one draft law to the functional committee for review. However, the Committee did not forward any amendment for the Assembly's consideration. The problems faced by the Committee relate to internal political divisions, a low level of communication with the Assembly and a lack of concrete initiatives from Committee members.

5. The split in the Democratic League of Kosovo (LDK) and the establishment of the Democratic League of Dardania (LDD) have reduced the majority that the former enjoyed in many municipal assemblies. This has impaired the functioning of a number of assemblies, such as those of Kamenicë/a and Gjilan/Gnjilane, and has affected the tenure of members of the board of directors, including some chief executive officers (Lipjan/Lipljan). Six former LDK members formed their own LDD parliamentary group, but no difficulties have been noted in the functioning of the Assembly and the Government at the central level.

6. Representatives of the Serb List for Kosovo and Metohija (SLKM) continued their boycott of the Assembly and were joined in January by another elected Kosovo Serb representative, thus reducing the number of Kosovo Serbs participating in the Assembly to one. Eight other Kosovo Serb representatives participate in the work of the Assembly committees, but do not sit in the Assembly.

7. Against a background of budgetary constraints and pressure from the Government of Serbia, the participation of Kosovo Serbs in the civil service has not shown any significant improvement. In the central institutions, 11 per cent of civil servants come from minority communities, against a target of 16.6 per cent. Though incomplete, the statistics at the municipal level show that minority employment constitutes about 12 per cent of the total. (Because of the declared non-cooperation

policy of the three Serb-run northern municipalities and the administration in northern Mitrovicë/a, these figures are incomplete for the municipalities.)

8. Two hundred Kosovo Serb civil servants, who had withdrawn from the Provisional Institutions' payroll following a directive from Serbian authorities to choose between the payrolls of the Serbian and Kosovo Governments, have requested reinstatement, and have received their accumulated salaries. The Kosovo Government continues to hold in trust the salaries of all remaining Kosovo Serbs who have left the Provisional Institutions' payroll (€4,910,810 remains in escrow while €237,584 has been paid out to those reinstated).

9. On 24 March, the Kosovo Government adopted a public administration reform strategy together with an action plan for its implementation. The total budget required for its implementation in 2007 amounts to some €6.5 million. Of this amount, €1.2 million has been allocated from the Kosovo budget, donors have provided €3 million, and the rest still needs to be found.

10. Women constitute 35.7 per cent of the civil service, but remain seriously underrepresented at the senior level. There are only 193 women, compared to 937 men, in senior posts at the central level, with only one minister and one permanent secretary who are women. There are only 56 women, compared to 731 men, at the municipal level, with only two chief executive officer posts occupied by women.

11. To address this discrepancy the Prime Minister declared 2007 the Year of Affirmative Action for Women in Kosovo. The Provisional Institutions issued an administrative instruction which promotes preferential treatment for the employment of women in the civil service. All municipalities have gender equality officers and so far 20 municipalities have committees for gender equality

12. The Independent Oversight Board and the Senior Public Appointments Committee are now functioning normally. The Office of the Prime Minister has established a commission to oversee the transformation of the Independent Oversight Board into an independent body which reports directly to the Assembly.

13. The Anti-Corruption Agency has been operational since 1 February. The public has since started to contact the Agency and several corruption cases have been brought to the attention of police and the judiciary. The implementation of the anti-corruption strategy will now depend on the effectiveness of this Agency and the collaboration it obtains from the Provisional Institutions and the public. Of the 732 senior officials at the central level, 712 have declared their properties and assets in accordance with the anti-corruption law. Ministries have yet to appoint vigilance officers to implement the anti-corruption action plan.

14. The implementation of the law on languages continued with the adoption of administrative instructions setting out the composition and competencies of the Language Commission and the administrative sanctions to be imposed in cases of violation. The Municipal Assembly of Mitrovicë/a has adopted Turkish for official use and similar decisions are expected in other municipalities including Prishtinë/Priština.

15. The Ministry of Public Services and the Ministry of Local Government Administration continue to monitor language compliance at the central and local levels respectively. The Kosovo Institute for Public Administration is conducting

training sessions for approximately 60 interpreters and translators. Except in the Serb-run northern municipalities and the mono-ethnic Kosovo Albanian municipalities, signs outside municipal buildings generally appear in all official languages. However, defacing of place names on road signs is quite common; officials usually take corrective action only at the behest of UNMIK.

16. Of the 117 licensed broadcasters, 42 broadcast in minority languages (34 in Serbian, four in Bosnian, two in Turkish, one in Gorani and one in Roma). Twelve radio stations, most of them broadcasting in the Serbian language, have a weekly programme in the Roma language.

17. Radio Television Kosovo broadcasts 16.4 per cent of its television programming and 12.5 per cent of its radio programming in minority community languages. Of the total television news programming, 20.7 per cent is in minority community languages.

18. Journalists and editors are increasingly adhering to the Press Council's code of conduct and its statute. As of 6 June, the Press Council had received a total of 38 complaints, 26 of which had been adjudicated.

Functioning democratic institutions: challenges ahead

19. The existing administrative instruction on the composition and competences of the Language Commission needs to be revised to ensure adequate minority participation.

20. Existing gender structures need adequate support and should be fully involved in decision-making processes and selection of personnel. The long-term strategy to increase the number and improve the position of women in the Provisional Institutions should be further implemented at both central and local levels.

21. There should be no further delay in the appointment of an Ombudsperson in accordance with the amended regulation on the ombudsperson institution in Kosovo. Amended rules of procedure need to be adopted before the summer recess and a new call for applications should be issued immediately.

22. The Minority Media Fund should continue its operation with a new round of grants. Radio Television Kosovo should transfer 5 per cent of the 2006 and 2007 broadcast fee to the Minority Media Fund.

23. The implementation of the Independent Media Commission Law needs to be expedited, including the allocation of adequate resources. However, the amounts set by the adopted license fee regulation for broadcasters could pose a heavy financial burden for stations, particularly those serving minority communities.

Rule of law

24. As of 2 April, the Police Task Force, established in April 2006 to investigate March 2004 cases (a Contact Group priority), had investigated 1,526 cases, of which 754 were under review, 177 remained open, 315 were closed, 120 were under active investigation and 160 were being investigated by the Kosovo Police Service (KPS).

25. International prosecutors have indicted 36 people for the most serious March riot-related offences, resulting in 26 convictions and one acquittal. Nine defendants in three cases are awaiting trial. Local prosecutors have brought over 300 criminal

charges resulting in 142 convictions, with another 22 persons currently under investigation.

26. A memorandum of understanding between the European Union, UNMIK and the United States on the funding and implementation of the reappointment of judges and prosecutors is under review. The Kosovo Judicial Council approved on 20 March the new allocation of 326 judicial positions for the supreme, district, municipal and minor offences courts. A number of judicial staff have been transferred from low-volume to high-volume courts as part of this process. The Ministry of Justice plans to complete its new allocation of the prosecutorial positions by the end of June.

27. A strategy to identify and reduce current civil case backlogs (including those related to property cases) and to prevent future backlogs was developed in February by a group of international and local stakeholders.

28. Legislation on witness protection is still awaiting finalization. With United Kingdom and United States support, all district courts are now equipped with a witness protection system that will improve the ability of the Kosovo justice system to conduct investigations and prosecutions in a variety of sensitive cases with protected witnesses.

29. The Kosovo Special Prosecutor's Office is operational. Six special prosecutors are now in place, including one woman and one member of an ethnic minority group.

30. In March, an additional police substation was established for Roma returnees to the Roma settlement in Mitrovicë/a, raising the number of existing substations to 18. An additional nine substations are under consideration.

31. Minority representation within KPS remained constant at 16 per cent (10.3 per cent Kosovo Serbs) and in the Kosovo Corrections Service (KCS) at 14.4 per cent (10.3 per cent Kosovo Serbs). Female representation stands at 13.6 per cent for KPS and 17.4 for KCS.

32. A memorandum of understanding on the transfer of competencies covering the civil status registry from the Ministry of Public Service to the Ministry of Internal Affairs was signed on 4 April. Minority representation in the Ministry of Internal Affairs is 9.8 per cent (7.2 per cent Kosovo Serbs). There are still 53 vacancies out of 779 posts. Forty per cent of posts are occupied by women.

33. Minority representation of judges and prosecutors is at 8.9 per cent (4.2 per cent Kosovo Serbs) and 9.1 per cent (3 per cent Kosovo Serbs) respectively. Women's representation is at 26.8 per cent for judges and 20.5 per cent for prosecutors. Minority representation in the Ministry of Justice, including KCS, prosecutors and their support staff, is currently at 13.2 per cent (9 per cent Kosovo Serbs).

Rule of law: challenges ahead

34. Further work is needed to effectively protect witnesses from intimidation.

35. Efforts to increase the number of judges and prosecutors from underrepresented communities and to increase minority recruits within the Ministry of Internal Affairs need to continue.

36. The Kosovo Judicial Council needs to proceed with the restructuring and rationalization of the court system. A first step would be to reduce the number of judges assigned to the lowest volume courts. Similarly, the Ministry of Justice needs to restructure the 95 prosecutorial posts.

37. The Kosovo Judicial Council needs to institute stronger accountability mechanisms and to tighten its supervision over court administration. An effective coordination mechanism between the Council and the Ministry of Justice is needed.

Freedom of movement

38. No crime related to freedom of movement was reported during the reporting period. However, some Kosovo Serbs continue to express concerns over the security situation and some members of all communities continue to limit their movements to areas where they are in the majority.

39. On 6 May, some 400 Serbs from Prizren and other parts of Kosovo, currently displaced in Serbia, visited the village of Gornjasellë/Gornje Selo (Prizren) for the annual celebration of St. George. On 7 May, some 280 Serbian children from various parts of Kosovo, including Shtërpcë/Štrpce, Graçanicë/Gračanica and Partesh/Parteš, attended an annual children's folklore music festival in Zubin Potok.

40. Beneficiaries of the humanitarian transport programme, which was handed over to the Government on 1 January, continue to use it in great numbers.

Freedom of movement: challenges ahead

41. Even though KPS surveys suggest that individuals from minority communities have a positive perception of their freedom of movement, the Government needs to continue to condemn inter-ethnic crimes and identify new ways to address the security concerns of minority communities.

Sustainable returns and the rights of communities and their members

42. Restructuring of the Ministry of Communities and Returns (MCR) is ongoing and Minister Grbić continues to build constructive relationships with all stakeholders. As a result, the Ministry is taking an increasing leadership role in the returns process, including participation in municipal working groups and direct project implementation.

43. Five organized return projects, costing €3.2 million, for the return of 120 minority families have been launched in 2007 in Lipjan/Lipljan, Gjilan/Gnjilane, Vushtrri/Vučitrn, Klinë/a and Fushë Kosovë/Kosovo Polje. While additional projects continue to be developed at the municipal level, funding remains the most important obstacle to returns. The Ministry of Communities and Returns has approved 47 community development and stabilization projects worth €2.08 million to facilitate integration of all communities in Kosovo.

44. The first 69 families have returned to the Roma settlement in Mitrovicë/a and construction is under way to accommodate 24 more families.

45. The Government has assessed all outstanding compensation cases for commercial properties damaged or destroyed during March 2004 (a Contact Group priority) and the funds have been transferred to the beneficiaries.

46. Compliance with fair-share financing quotas and with the administrative instruction issued by the Ministry of Finance and Economy on the administration of fair-share financing by municipalities has improved. Of the 24 municipalities south of the Ibar River, only three failed to comply with the 2006 targets.

47. An administrative instruction defining the competencies of human rights units in the ministries was adopted by the Government on 28 February. This administrative instruction adds the monitoring of implementation of recommendations of the Ombudsperson to the units' responsibilities. The units comprise three to seven staff members covering gender, the rights of minorities, equal opportunities, anti-discrimination, children's rights, anti-trafficking and the rights of persons with disabilities.

48. The draft readmission policy and procedures for repatriation of refugees to Kosovo were finalized on 10 May and submitted to the Government for approval. The reintegration strategy for repatriated persons is to be finalized soon.

Sustainable returns and the rights of communities and their members: challenges ahead

49. Despite the existence of an anti-discrimination law, a comprehensive implementation plan and an administrative instruction to implement the law, little has been done. There is still no comprehensive mechanism for tracking discrimination cases, and ministries have not been tasked with specific duties for its implementation.

50. The Government needs to continue to build capacity to implement its repatriation responsibilities. A comprehensive action plan and monitoring mechanisms should be put in place.

51. The Prishtinë/Priština Municipal Assembly needs to allocate land for the Novi Badovac II/Badoci i Ri II project. The returns project has been coordinated with Belgrade and approved by the municipal working group and the relevant municipal committee.

Economy

52. The draft law to amend the law on public procurement (a Contact Group priority) was adopted by the Assembly on 8 February and promulgated on 13 June.

53. Fourteen of the 30 municipalities audited last year by the Office of the Auditor General have been revisited to determine whether they adopted the mandatory action plans to address the audit findings. Of the 14, three have already implemented their action plans, seven are in the process of doing so and four have not demonstrated any progress. The remaining 16 municipalities will be visited in the coming months.

54. The Board of the Kosovo Trust Agency has approved the launching of the twenty-seventh wave of privatization. By the end of May, 476 new companies derived from the assets of 287 socially owned enterprises had been tendered for sale. Two hundred and seventy-seven sales contracts had been signed, with an additional 127 pending signature. Total privatization proceeds amounted to €310,411,684. The Board had approved a total of 90 liquidations. The estimated value of liquidation sales contracts signed amounted to €2,036,837, and of contracts

pending to €2,260,405. The 20 per cent of privatization proceeds to be paid out to the eligible former workers of privatized enterprises stood at €62,082,337, of which €11,784,115 had already been paid to the Independent Union of Trade Unions of Kosovo, which disburses the funds to the workers.

55. There were no reports of unauthorized annexing of socially owned enterprises' property by municipalities during the reporting period. Following the issuance of criteria under which municipalities may seek to obtain plots of land under the auspices of the public good, several land swaps have been proposed and approved. Prizren is the only municipality to have surrendered land previously annexed without authorization; it returned the property of four socially owned enterprises and of two publicly owned enterprises.

56. The incorporation of the water enterprises is proceeding well; the incorporation of the waste and irrigation enterprises commenced in March.

57. On 12 June, the Economic and Fiscal Council endorsed the expenditure ceilings for the 2008 budget, amounting to €852 million. This represents an increase of 17 per cent compared to 2007. The medium-term expenditure framework was approved by the Government at the beginning of June.

58. The Tax Administration of Kosovo first quarter report shows that tax receipts are nearly 2 per cent ahead of budget projections, and 16 per cent higher compared to the same period in 2006.

59. Revenue collection figures for the Kosovo Energy Corporation for the first quarter of 2007 show overall progress compared to the same period in 2006. The billing of supplied energy increased from 47 to 62 per cent. Although revenue collection on bills decreased from 75 to 67 per cent, revenue collected against energy supplied increased from 35 to 42 per cent, so that the Corporation collected a greater amount of revenue in 2007.

Economy: challenges ahead

60. Audit recommendations need to be better implemented, including by the municipalities audited last year.

61. The Government should systematically consider the costs of legislation when drafting it. The Provisional Institutions need to make improvements in enacting subsidiary legislation and complying with the deadlines envisaged for the adoption of secondary acts.

62. Serious concerns remain about the quality, coverage and timeliness of economic statistics in Kosovo, despite substantial international technical assistance.

63. Revenue collection remains a challenge for the Kosovo Energy Corporation and other public utilities; further efforts are necessary to achieve progress.

Property rights

64. The law on expropriation, the law on arbitration and amendments to the law on cadastre have been approved and are pending promulgation. The law on real rights, a priority for the Government, is still under revision by the Assembly. The draft law on housing and the draft law on the treatment of illegal construction are awaiting

adoption by the Assembly. The draft law on the organization of cadastral institutions has been discussed with the municipalities and will be presented to the Assembly.

65. On 6 June, the Housing and Property Claims Commission was officially replaced by the new Kosovo Property Claims Commission, which has adjudicated in the first instance all 29,160 cases it received. Of these, 368 claims still need to be implemented (a Contact Group priority). Implementation of the rental scheme for illegally occupied properties continues (a Contact Group priority). To date, 2,546 property right holders have included their property in the scheme. Three hundred and ninety-two properties have been rented and €118,248 collected.

66. The Kosovo Property Agency has received 23,343 claims covering agricultural (90.5 per cent), commercial (3.2 per cent) and residential properties (6.3 per cent). Nine hundred and fifty-five cases were brought before the Kosovo Property Claims Commission at its first session, held on 4 and 5 June. First claims including 4,551 agricultural properties, 360 residential properties and 296 commercial properties have been published to enable persons with potential legal interests to become parties to the claim.

67. A strategy to reduce backlog of property cases in courts, drafted by the Organization for Security and Cooperation in Europe (OSCE) in consultation with all relevant stakeholders, was completed and circulated for comments in April.

Property rights: challenges ahead

68. Courts need clear guidance on the mandate of the Kosovo Property Agency over conflict-related property claims, and on the final binding force of all decisions of the Housing and Property Claims Commission, in order not to pass judgement on cases within the jurisdiction of the former or those already decided by the latter.

69. The Kosovo Property Agency needs to ensure that displaced persons belonging to the Kosovo Roma and other vulnerable groups are aware of the claims process and have effective access to it.

70. Concerns remain over the proper implementation of expropriations by Kosovo institutions, and the proper implementation of demolitions.

71. Spatial plans for special zones deemed of particular cultural and environmental value need to be prepared, drafted and implemented before further urbanization projects are launched.

72. The action plan on informal settlements needs to be drafted and implemented.

73. The strategy to reduce judicial property backlogs needs to be implemented.

Cultural heritage

74. The Reconstruction Implementation Commission held its only 2007 meeting thus far in January and agreed to make further interventions on six of the seven sites undergoing work in 2006, as well as another 10 to 12 sites. However, the absence of the Serbian Government representative since February has prevented further progress by the Commission. Discussions are under way between the Council of Europe, the Serbian Orthodox Church, the Ministry of Culture of Serbia and UNMIK to resolve the issue.

75. Over the reporting period, 34 incidents targeting heritage sites were reported. While the vast majority were vandalism (10 cases) or theft-related (20 cases), one serious incident occurred when the Deçan/Dečani monastery sustained slight damage from a rocket-propelled grenade attack on the site.

76. The Provisional Institutions, in coordination with the Serbian Orthodox Church and with support from UNMIK and the Council of Europe, have drawn up a project proposal to hire 24-hour guards and/or install surveillance equipment at 15 sites considered vulnerable. The Ministry of Culture, Youth and Sports is preparing to allocate €20,000 to €50,000 for these additional security measures.

77. The Ministry of Culture, Youth and Sports established a group of experts to prepare drafts for the 14 sub-laws necessary to implement the cultural heritage law. At workshops held with Council of Europe experts in April and May, it was agreed to merge some provisions so that only seven sub-laws instead of 14 would be necessary. Texts for three sub-laws were finalized. A draft proposal on the composition and terms of reference of the Kosovo Cultural Heritage Council was prepared and presented to the Commission on Culture of the Kosovo Assembly for discussion.

Cultural heritage: challenges ahead

78. Full support for the work of the Reconstruction Implementation Committee is needed from all stakeholders.

79. Seven subsidiary laws necessary for the implementation of the law on cultural heritage should be drafted and passed within the time frame allotted in the law. A non-discriminatory policy for the allocation of funding for cultural heritage protection should be defined in subsidiary legislation. The Kosovo Cultural Heritage Council should be in place by the end of June 2007.

80. The Provisional Institutions should continue to work on ways to ensure adequate protection of cultural heritage sites, such as increased security measures, condemnation of violent acts perpetrated against them and positive reinforcement messages raising awareness of the value of cultural heritage.

81. Following the establishment of a new Government in Serbia, the Belgrade-Prishtinë/Priština cultural dialogue needs to be re-energized.

Dialogue

82. Three of the four working groups of the direct dialogue between Prishtinë/Priština and Belgrade on technical issues were inactive during the reporting period.

83. The Missing Persons Working Group held an ad hoc session in Prishtinë/Priština in early April under the auspices of its chair, the International Committee of the Red Cross (ICRC). The Prishtinë/Priština and Belgrade delegations subsequently met on 18 April in Niš, Serbia, to exchange information on a suspected mass grave site in Raška, Serbia. A conference on Kosovo missing persons issues, organized by the Sarajevo-based International Commission on Missing Persons, was held in Ohrid, in the former Yugoslav Republic of Macedonia, on 16 and 17 May. It was the first opportunity for groups of Serbian and Albanian family members of the missing from the 1998-1999 conflict to meet face to face.

84. A plenary session of the Missing Persons Working Group, its first in a year, had been scheduled for 31 May in Prishtinë/Priština but was postponed after the Prishtinë/Priština delegation threatened to boycott the session if a leader of the Serbian family association of missing persons, who had participated in the 5 May inauguration of a Serbian vigilante group that intends to "liberate" Kosovo, formed part of the delegation. An ICRC proposal to substitute the individual was refused, resulting in postponement of the meeting.

Kosovo Protection Corps

85. Minority community membership in the Kosovo Protection Corps (KPC) slightly decreased in the reporting period and now stands at 195 (6.7 per cent), of whom 42 are Serbs (1.4 per cent). The decrease is in part due to absenteeism and subsequent dismissal, resignations and a general suspension on recruitment and promotion since 12 February. In addition, 92 members have left KPC as part of the resettlement pilot programme (see para. 88 below). Efforts are focusing on ethnic minority outreach, retention and the implementation of humanitarian projects. Kosovo Serb members remain subject to pressure from their own communities not to participate in KPC. No internal allegations of discrimination have arisen.

86. Women are represented at all levels of KPC though in comparatively small numbers (89 or 3.1 per cent).

87. Disciplinary compliance continues to improve, although further improvement in the staffing and conduct of disciplinary investigations by KPC is still required.

88. The resettlement pilot programme for the redundancy of 80 KPC personnel was launched on 23 January. An additional 12 members have since joined the programme, thus exhausting its current funding capacity. The programme consists of a nine-month resettlement package provided by the International Organization for Migration (IOM), funded by the United Kingdom, and a severance payment of the participant's remaining salary for the year 2007, taken from the KPC budget.

89. The demining capacity of KPC has increased with the completion of training for 32 new deminers. KPC is on track to assume sole responsibility for all mine and unexploded ordnance clearance in late 2007. A United States-funded project for the donation of four mine detection dog teams began on 17 April.

90. The capacity of the civil protection brigade is increasing. In the coming year its full operational capability is expected to be endorsed in search and rescue, explosive ordnance, disposal and firefighting and hazardous material protection, upon receipt of further specialist training and equipment. Its new purpose-built headquarters was officially inaugurated on 12 March.

Kosovo Protection Corps: challenges ahead

91. Despite its positive personnel policies, active engagement among Kosovo Serb communities and apparent lack of internal discrimination, KPC still has difficulty in retaining Kosovo Serbs and gaining support from this minority community.

92. Donor support is needed to repair and replace equipment to increase KPC capacity to implement humanitarian projects and respond to civil emergencies.

Annex II

Composition and strength of the police component of the United Nations Interim Administration Mission in Kosovo (as at 1 June 2007)

Country	*Number*	*Country*	*Number*
Argentina	9	Nepal	17
Austria	22	Netherlands	1
Bangladesh	31	Nigeria	14
Brazil	2	Norway	15
Bulgaria	52	Pakistan	174
China	18	Philippines	44
Croatia	9	Poland	122
Czech Republic	18	Portugal	4
Denmark	24	Romania	182
Egypt	16	Russian Federation	38
Finland	2	Slovenia	15
France	47	Spain	13
Germany	151	Sweden	35
Ghana	35	Switzerland	6
Greece	10	Timor-Leste	8
Hungary	12	Turkey	148
India	68	Uganda	4
Italy	29	Ukraine	189
Jordan	68	United Kingdom of Great Britain and Northern Ireland	65
Kenya	15	United States of America	222
Kyrgyzstan	8	Zambia	7
Lithuania	6	Zimbabwe	18
Malawi	4		
Total			**1 997**

Composition of the Kosovo Police Service (as at 1 June 2007)

Category	*Percentage*	*Number*
Kosovo Albanians	83.99	6 060
Kosovo Serbs	10.31	744
Other ethnic minority members	5.70	411
Total		**7 215**
Men	86.44	6 237
Women	13.56	978

Annex III

Composition and strength of the military liaison component of the United Nations Interim Administration Mission in Kosovo (as at 1 June 2007)

Country	*Number of liaison officers*
Argentina	1
Bangladesh	1
Bolivia	1
Bulgaria	1
Chile	1
Czech Republic	1
Denmark	1
Finland	2
Hungary	1
Ireland	4
Jordan	2
Kenya	1
Malawi	1
Malaysia	1
Nepal	1
New Zealand	1
Norway	1
Pakistan	1
Poland	1
Portugal	2
Romania	3
Russian Federation	2
Spain	2
Ukraine	2
United Kingdom of Great Britain and Northern Ireland	1
Zambia	1
Total	**37**

Map No. 4133 Rev. 28 UNITED NATIONS
June 2007

Department of Peacekeeping Operations
Cartographic Section